

**Finding Sustainable Ways North Carolina Can Increase Supported Housing and
Employment for Individuals Living with SMI and/or IDD**

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Specific Aims

The specific aims of this paper are as follows: 1. Provide background on the Supreme Court case of *Olmstead v. L.C.*, 2. Highlight areas in which North Carolina is found non-compliant with their *Olmstead* settlement agreement, and 3. Find sustainable ways that North Carolina can increase housing and employment opportunities for individuals protected by *Olmstead v. L.C.*

Significance

In November 2017 independent reviewer Martha Knisley released a report outlining the areas in which substantial changes needed to be made in order for North Carolina to become compliant with the requirements of their *Olmstead v. L.C.* settlement agreement.⁶ Two of the areas in which she mentions need substantial changes are the two focus areas of my paper: supportive housing and supportive employment.⁶ Furthermore, by researching various ways in which North Carolina can increase supportive housing and employment, this paper can act as a resource for leadership looking for innovative ways to remain compliant.

Background

The 1999 Supreme Court decision of *Olmstead v. L.C.* was the result of a lawsuit brought forth by two women (Lois Curtis and Elaine Wilson) living with mental illness and developmental disabilities.¹ Ms. Curtis was diagnosed with mental retardation and schizophrenia, while Ms. Wilson was diagnosed with mental retardation and a personality disorder.¹ Ms. Curtis and Ms. Wilson were voluntarily admitted to a psychiatric unit at Georgia Regional Hospital. Upon completion of treatment, the two women remained institutionalized despite their treatment professionals concluding that they were capable of living in the

community with the appropriate support.¹ The two women then filed suit against the State citing that Georgia was in violation of Title II of the Americans with Disabilities Act when they failed to place them in a community-based program.¹

On June 22, 1999 the Supreme Court ruled that the “unjustified segregation of persons with disabilities constitutes discrimination in violation of Title II of the Americans with Disabilities Act.”¹ With this decision the Supreme Court held that public entities must provide community-based services to individuals protected under the ADA when: 1. Such services are appropriate; 2. The affected persons do not oppose community-based treatment, and 3. community-based services can be reasonably accommodated.¹

North Carolina and Olmstead

By 2003 North Carolina and twenty-eight other states had issued an Olmstead related plan.² In fact, during this year North Carolina released two Olmstead related plans.² The two plans were entitled: 1. Serving People with Disabilities in Appropriate Settings: The North Carolina Plan-Final and 2. Blueprint for Change: State Plan 2003 – North Carolina’s Plan for Mental Health, Developmental Disabilities and Substance Abuse Services.² Listed below are the focus areas of each plan:

Serving People with Disabilities in Appropriate Settings: The North Carolina Plan-Final

- 1. Outreach to inform potential candidates for community-based services about their options and choices (also referred to as informed choice)²*
- 2. Assessment and identification of appropriate candidates for community placement.²*
- 3. Development of service plans for community transition.²*
- 4. Operation of waiting lists.²*

5. Inventory of existing community-based resources and supports²

6. Identification of needed community resources to support community integration.²

7. Ongoing monitoring and quality assurance efforts.²

Blueprint for Change: State Plan 2003— North Carolina's Plan for Mental Health,

Developmental Disabilities and Substance Abuse Services

1. Including people with disabilities in decision making.²
2. Providing choice to consumers and their families.²
3. Focusing on practices that provide positive outcomes for consumers.²
4. Serving people in community settings.²
5. Engaging in continuous quality improvement.²

However, despite two plans detailing the way in which North Carolina planned to remain compliant with Olmstead, on July 28, 2011, the United States Department of Justice found that the state failed to meet its obligation to people living with mental illness.⁵ In their report, the United States DOJ found the following to be true:

1. Adult Care Homes Are Segregated, Institutional Settings.⁵
2. The Majority of Adult Care Home Residents with Mental Illness Could Be Served in More Integrated Settings.⁵
3. North Carolina Administers Its Mental Health System in a Way that Segregates Individuals with Mental Illness in Institutional Settings.⁵
4. Individuals with Mental Illness Are at Risk of Unnecessary Institutionalization in Adult Care Homes.⁵
5. Serving People with Mental Illness in Integrated Settings Can Be Reasonably Accommodated.⁵

On August 23, 2012, the United States Department of Justice entered an eight-year settlement agreement with North Carolina.⁴ The specific terms of the settlement were meant to keep North Carolina on track to support 3,000 individuals living with mental illness by the end of 2020. However, in January 2017, halfway through the eight-year term of their settlement, North Carolina was found non-compliant with several terms of the agreement.

Non-Compliance: Supportive Housing and Supportive Employment

One part of the settlement in which North Carolina was non-compliant was supportive housing. For example, by July 1, 2016, the state was required to provide housing to at least 1,166 individuals, however, by the aforementioned date they had only provided 650.

Supportive housing is a concept that attempts to couple safe, decent, and affordable housing to help individuals prosper in the community.³ What separates this form of housing from group/boardings homes for individuals living with disabilities is that under this option, tenants are entitled to specific rights.³ Shown below is a comprehensive list of the differences between the two forms of housing.

Image: "Supportive Housing & Olmstead: Creating Opportunities for People with Disabilities Discussion Paper"
CSH. November 2012.

Another fundamental part of this settlement is supportive employment. This type of employment is based on the principle that regardless of an individual's disability, they are entitled the right to work in the community if they desire to do so⁷. Moreover, not only are

they entitled to the right to work, they are entitled to comparable wages, and the opportunity to work alongside individuals regardless of their disability status’⁷.

Recommendations and Assessment Criteria

In order to increase the availability of supportive housing and employment opportunities, I have assessed the following five recommendations: 1. Establish formal partnerships between community land trusts and affordable housing organizations, 2. Revise minimum parking requirements, 3. Increase incentives for landlords accepting Transitions to Community Living Vouchers, 4. Expand Best Buddies to include integrated employment, and 5. Conduct a cost-benefit analysis of IPS-SE within North Carolina. I evaluated each recommendation based on five equally weighted assessment criteria. Each criterion had a scale from one (worst) to five (best). The evaluation criteria were 1. *Impact*, 2. *Cost*, 3. *Political Feasibility*, 4. *Ease of Implementation/Enforcement*, and 5. *Unintended Effects*.

The “*impact*” is a prediction of how successful the recommendation will be in aiding North Carolina in their quest to increase supported housing and employment. The “*cost*” is limited to what it would cost the State to pursue each recommendation. The “*political feasibility*” is an educated estimation of the likelihood that the recommendation will garner enough support to be funded and implemented. The “*ease of implementation/enforcement*” is a measure of difficulty in implementing/enforcing the recommendation. Last but not least, “*unintended effects*” is intended to assess whether the recommendation may result in outcomes that are not in line with the main intentions.

Recommendations

Recommendation #1: Establish formal partnerships between community land trusts and affordable housing organizations

Independent reviewer Martha Knisley notes that North Carolina is likely to be compliant with the Supported Housing Slot requirements by FY 2021.⁶ However, the caveat to this statement is that it is contingent upon the availability of housing.⁶ With that said, finding innovative ways in which North Carolina can increase the supply of affordable housing is of the utmost importance.

Establishing partnerships with community land trusts and affordable housing organizations is a viable recommendation because these organizations are facing similar issues in regards to the availability of affordable land/housing units. With that said, these organizations have been researching/testing innovative ways in which they can increase the availability of affordable housing. From accessory dwelling units to tiny homes, these organizations are open to all forms of housing innovation. Habitat for Humanity of Charlotte is a great example of an organization exploring housing innovation with the launch of their new Tiny House Project.

By pooling resources together, the State and these organizations can work together to increase affordable housing for all individuals in need. According to the State's contributions, I recommend that these organizations be required to set aside a certain amount of units for supportive housing.

Assessment:

1. *Impact (4/5)* - Establishing a partnership between these organizations would have the potential to be extremely impactful. These organizations already have the knowledge and skill set to build and manage homes, therefore the state can rest assured that housing will be built in a timely and efficient manner.
2. *Cost (2/5)* - There would be no cost associated with establishing a partnership, however, in order for this partnership to be successful, the state would need to make significant financial contributions to these organizations in order to foster growth and development.
3. *Political Feasibility (4/5)* - There is a general understanding that North Carolina needs to find innovative ways to increase housing for this population, therefore political opposition should be minimal. If any opposition is to occur, it will likely come from individuals who oppose the amount of money the State agrees to pay these organizations to maintain these partnerships.
4. *Ease of Implementation/Enforcement (3/5)* - Implementing this recommendation should be fairly straightforward after all eligible organizations are identified. The only detail that the State will have to deliberate on is how many housing units each organization will be responsible for contributing to the supportive housing program.
5. *Unintended Effects (3/5)* - One unintended effect is that these organizations may not want to establish formal relationships with the State in fear that it would stifle their autonomy. A lack of partnerships would mean a more limited supply of housing options.

Score: 18/25

Recommendation #2: Revise parking requirements

Although this recommendation may seem loosely related to affordable housing, parking requirements have huge implications on what type of housing can be built in certain parts of the community. On-site minimum parking requirements make it very difficult for developers to build housing for individuals without cars, who generally tend to be low-income.⁸ This is due to the fact that minimum parking requirements increase development costs, and reduce the number of units that would otherwise fit on a given lot of land.¹² This has huge implications for urban areas that have a large inventory of historic buildings that predate widespread vehicle ownership.⁸ These buildings have the potential to be converted into affordable housing, however, the minimum parking requirements make converting these parcels into housing very difficult and costly.⁸

With that said, not only do I recommend revising minimum parking requirements, I recommend revising them only for developers who commit to making a certain amount of their units affordable. Without this caveat, developers will likely take advantage of the new standards and give no consideration to the affordability of their units.

Assessment:

1. *Impact (3/5)* - Changing the minimum parking requirements is likely to be impactful because it would spur development in areas that previously were too expensive to develop due to minimum parking requirements. Additionally, by only allowing developers who legally commit to renting a certain amount of their units at affordable rates, you are ensuring that whatever housing gets built will benefit the population of interest.

2. *Cost (5/5)* - There are virtually no costs associated with this recommendation because changing minimum parking requirements is a policy change.

3. *Political Feasibility (4/5)* - Due to the fact that there would be virtually no costs associated with this policy option, the opposition should be minimal. However, that is not to say that there will be zero opposition. Political opposition will likely come from developers and community members who take issue with the requirements attached to the relaxed parking requirements.

4. *Ease of Implementation/Enforcement (3/5)* - In order for developers to receive relaxed parking requirements, they will likely have to apply, get approved, and then sign some type of contract. All of these steps will require administrative manpower and thus could cause strain on local housing authorities.

5. *Unintended Effects (3/5)* - There are limited unintended effects of this recommendation. However, one foreseeable unintended consequence is that developers will not apply for these relaxed standards, and the housing shortage will still exist.

Score: 18/25

Recommendation #3: Increase incentives for landlords accepting TCLI vouchers

Increasing incentives for landlords accepting the TCLI voucher is an important recommendation to consider because if you cannot increase the supply of housing by building more units, the State has to find innovative ways to make accepting the voucher more enticing for existing landlords.

There are several ways that North Carolina can incentivize landlords. One way is to provide a tax incentive. This recommendation is based on an initiative in Virginia entitled the

“Community of Opportunity Tax Credit”.⁹ This tax credit is for landlords who are leasing housing units in areas with poverty rates less than 10 percent, and are located in the Richmond Metropolitan Statistical Area.⁹ Although this specific program is targeted towards enhancing affordable housing access for low-income individuals, North Carolina can always alter the target population.⁹

Another way in which North Carolina can incentivize landlords to accept the TCLI voucher is to include a one-time leasing bonus per unit rented.¹⁰ This bonus could be a flat rate, based on unit size, or based on the size of the household.¹⁰ Landlords accepting the TCLI voucher in NC already receive up to two months rent if a tenant vacates the unit before their lease is complete, however, giving an incentive upfront may encourage more landlords to accept the voucher.¹¹

I do concede that more research is needed to assess the efficacy of these incentives, however, in order to measure them, we first need to implement them.

Assessment:

1. *Impact (3/5)* - Increasing incentives has the power to be impactful, however, providing an incentive doesn't mean that landlords will accept the voucher.
2. *Cost (1/5)* - In order to encourage more landlords to accept these vouchers, the incentives are going to have to be extremely attractive. This is going to take trial and error and will cost the State a significant amount of money.
3. *Political Feasibility (2/5)* - The State budget has to remain neutral, therefore introducing a recommendation that complicates neutrality is not going to garner a lot of political support.

The State wants to remain compliant, however, they want to do so in a cost-effective manner. Additionally, predicting how many landlords will respond to incentives is a difficult task, which in turn makes it difficult to give an estimate of how much money needs to be budgeted for the program.

4. *Ease of Implementation/Enforcement (4/5)* - North Carolina already has a series of procedures in place to mitigate the real and/or perceived risks of housing this population, therefore adding this incentive to the program should not be difficult.

5. *Unintended Effects (2/5)* - One important unintended consequence of increasing incentives is that once you start providing incentives, it is unlikely that you will be able to stop providing incentives and retain the same participants. Landlords may be responsive to the incentive initially, however, over time they may demand increases, or forego accepting vouchers altogether. This would not be sustainable and is something the State will have to think critically about.

Recommendation #4: Expand Best Buddies North Carolina to include job support

Best Buddies International is a non-profit organization that aims to create opportunities for individuals living with intellectual and developmental disabilities.¹³ From one to one friendships, supported employment, and leadership development, Best Buddies is of service to individuals of all ages.¹³ It is also the largest organization committed to ending the social, economic, and physical isolation of people living with IDD.¹³

Best Buddies International has chapters in multiple states, however, not all of them provide all three resources (one-to-one friendships, supported employment, and leadership

development). This is the case for North Carolina, where a chapter just opened up last year. Currently, North Carolina's Best Buddies program only provides one-to-one friendship service. With that said, I recommend that North Carolina investigate ways they can expand their Best Buddies program to include supported employment. In the thirteen states where Best Buddies integrated employment is available, results have been extremely positive. This is due to the fact that Best Buddies has established partnerships with employers in diverse fields. With a diverse pool of employers, individuals living with IDD have the opportunity to apply for work that will be meaningful to them and will be tailored to their specific skill set.

Assessment:

1. *Impact (4/5)* - Best Buddies International has partnerships with nationwide employers, therefore expanding North Carolina's chapter to include integrated employment is likely to be extremely impactful because it will increase the amount of employment opportunities individuals living with SMI and/or IDDs will have.
2. *Cost (2/5)* - There will likely be substantial costs associated with expanding North Carolina's Best Buddies chapter because expansion requires more employees and volunteers.
3. *Political Feasibility (3/5)* - North Carolina is in search of ways to expand supportive employment, therefore there should be limited opposition to this recommendation. Best Buddies is a program that has demonstrated success in many states, and there is quantitative data available to prove it.
4. *Ease of Implementation/Enforcement (2/5)* - Although Best Buddies International has partnerships with nationwide employers, fostering those relationships within a state does not

happen overnight. It is going to take a significant amount of time for North Carolina's chapter to identify employers and establish relationships.

5. *Unintended Effects (4/5)* - Unintended effects should be limited with this recommendation.

Best Buddies International's integrated employment service operates in 13 different states and is slated to expand to two other states later this year. However, one unintended effect is that this program will not provide enough supportive employment opportunities to make North Carolina compliant with their settlement agreement.

Score: 15/25

Recommendation #5: Conduct a cost-benefit analysis of IPS-SE

Martha Knisley stated that "because [IPS-SE] is so new and is a valuable service for the broader population of individuals in the behavioral health service system, a business case needs to be made for why the State and LME-MCOs want to make IPS-SE widely available and sustainable."⁶

Research has shown that the average cost of providing an individual with IPS-SE is \$5,500 in 2012 dollars.¹⁵ Additionally, in a study conducted in the EU, researchers found that IPS-SE participants had less frequent hospitalizations, and the duration of their hospital stays were shorter when compared to individuals not participating in an IPS-SE program.¹⁶ Another area in which North Carolina may be able to see cost offsets is in their Medicaid spending. For example, in one study an IPS-SE cohort was followed for ten years. By the tenth year, treatment costs per individual had dropped from \$30,000 per year to \$9,732.¹⁶

As the research indicates, there are multiple areas where North Carolina may be able to see cost offsets, therefore conducting a state-specific cost-effectiveness analysis is a necessary step in order to create a complete business case for IPS-SE.

Assessment:

1. *Impact (2/5)* - Although conducting a cost-benefit analysis is an important step in making a strong business case, the amount of impact it will have on increasing supported employment is minimal. It is a necessary step in garnering support for this program, however, it does not guarantee the widespread adoption of this program.
2. *Cost (3/5)* - Conducting a cost-benefit analysis is going to be a costly endeavor because it will require gathering and analyzing large sets of data. The State has analysts they can employ to complete this research, however, it will likely take a significant amount of time to complete.
3. *Political Feasibility (5/5)* - According to Martha Knisley's report, it appears that the State and MCOs are not convinced of the long-term benefits of IPS-SE in comparison to the programs that already exist. Though they are skeptical, I do not believe they are opposed to gathering more data that may change their mind.
4. *Ease of Implementation/Enforcement (3/5)* - A lot of data will be needed in order to conduct this analysis. Data for this population is not located in a centralized electronic system, therefore the majority of the time will be spent trying to figure out how to merge all of the necessary data which may or may not be easy for the analysts involved.
5. *Unintended Effects (4/5)* - The one foreseeable unintended effect is that upon completion of this analysis, the data could conclude that IPS-SE is not cost-effective for North Carolina.

However, many studies have been conducted on the cost-effectiveness of IPS-SE, therefore this conclusion is unlikely.

Conclusion

Finding innovative ways to increase supportive housing and employment is going to be an ongoing process. It is also going to be a process in which policymakers have to think outside of the box. Looking beyond recommendations, future research should explore ways in which the State can actually implement these recommendations.

To conclude, the recommendations provided in this paper are intended to serve as starting points, and it is likely going to take a combination of them to see a sufficient increase in supportive housing and employment opportunities within North Carolina.

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